

**STATEMENT OF DAVID DYE  
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BEFORE THE  
SUBCOMMITTEE ON LABOR,  
HEALTH AND HUMAN SERVICES, AND EDUCATION  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**March 17, 2004**

Good morning. Chairman Regula and distinguished members of the Subcommittee, I thank you for inviting me to testify. I am pleased to have the opportunity to discuss the President's Fiscal Year (FY) 2005 budget proposal for the Department of Labor's Employment and Training Administration, as it relates to funding for programs that serve America's seniors. Within the next few weeks, Assistant Secretary Emily Stover DeRocco will testify before you on the entire Employment and Training Administration budget request. Today I will focus on our workforce programs that provide employment, training and labor market assistance to older Americans. I will also update you regarding some recent developments relating to the Senior Community Service Employment Program.

Let me begin by putting these programs in perspective.

**The Aging Population and Workforce**

In recent years, much public attention has been paid to the aging of the American population and workforce. By 2030, 20 percent of the population, or 70 million Americans, will be 65 or older, compared to 12 percent today. Given current immigration policies and retirement trends, combined with lower birth rates in recent

years, the aging and retirement of the baby boom generation will likely result in a shrinking workforce. All of these circumstances have obvious and serious implications for our economy and the programs administered by the Employment and Training Administration.

As members of the baby boom generation swell the ranks of those aged 55 and older, there are a number of imperatives for keeping the baby boomers in the workforce:

- First, the labor market needs their skills and experience as there is already a skills and labor shortage in a number of areas in the nation's workforce.
- Second, their rapid or early retirement would lead to a significant loss of human capital.
- Third, many of this generation will need additional income in their latter years.
- Fourth, employment provides older individuals with dignity, independence and financial stability.

The educational level of the older population is increasing. Between 1970 and 2000, the percentage of those aged 65 and over that had completed high school rose from 28 percent to 70 percent. The greater level of educational attainment may result in a broader array of employment opportunities for the aging baby boomer population.

However, not all baby boomers have a high school diploma. Nine million in this age group (those born between 1946 and 1964) did not graduate from high school. The inflation- adjusted incomes of this group that did not complete high school are 12 percent lower than for similarly educated persons in their parents' generation. This expected increase of low-income older workers has major implications if the public workforce

investment system is to ensure that the older workers it serves are engaged in training programs and employment opportunities that help increase their earnings and foster successful careers in emerging industries.

### **High Growth Job Training Initiative**

The President's High-Growth Job Training Initiative, which the Department is spearheading, is designed to provide national leadership for a demand-driven workforce investment system that ensures no worker is left behind. The initiative seeks to prepare workers to take advantage of new and increasing job opportunities in high-growth/high-demand and economically vital industries and sectors of the American economy. The Department has identified industries such as automotive, biotechnology, geospatial, health care, information technology, advanced manufacturing and retail as those of high-growth/high-demand. This initiative is designed to ensure that worker training and career development resources in the public workforce investment system are targeted to helping workers gain the skills and competencies they need to obtain jobs and have successful careers in these industries.

As we talk with employers in high-growth industries and occupations across the country, there is a common theme of employers faced with labor shortages who need to seek out and better utilize untapped labor pools. Older workers can represent a tremendous source of human capital, with excellent judgment skills, flexibility in work arrangements, and a high degree of loyalty to the employer. The Department is funding national models and demonstrations of partnerships between the public workforce investment system, the education and training community, and businesses to address the workforce challenges faced by high growth/high demand industries, including

partnerships that demonstrate how to more effectively access and train older workers for jobs in the 21st century.

### **The Senior Community Service Employment Program**

The Senior Community Service Employment Program (SCSEP), authorized by Title V of the Older Americans Act, is the only national employment and training program aimed exclusively at low-income older persons who have multiple barriers to employment. The SCSEP provides community service employment for low-income persons age 55 or older with the dual objective of providing income and transitional employment that encourages reentry into the labor market. Over 100,000 people are served each year, and the lives of many more are positively affected as a result of the service these individuals perform in the community. Program participants work in a wide variety of occupations, including nurse's aides, teacher aides, librarians, gardeners, clerical workers, and day care assistants. They are paid the highest of the Federal minimum wage, the State minimum wage, or the prevailing rate. As they learn job skills and gain employment experience, they also help to meet community needs by performing these services at non-profit organizations and government agencies.

For the last program year that ended on June 30, 2003, our records show that 59 percent of SCSEP participants were over the age of 65; 72.8 percent were female; 44.8 percent were minorities; 31.3 percent had not completed high school and another 41.6 percent had no more educational attainment than a high school diploma; and 84 percent were below the poverty level.



The typical SCSEP participant is a woman in her mid-sixties, usually with a high school education. She is likely to be working as a nutritionist in a senior nutrition



program, as a clerical worker or receptionist for a human service agency, or as a child care worker in a day care center.

SCSEP funds are provided to national, non-profit grantees such as the National Council on Aging, and to state agencies. These two types of grantees administer SCSEP at the state and local level. There currently are 13 national grantees and all states receive funds.

#### **Budget Request for the Senior Community Service Employment Program.**

The Fiscal Year 2004 appropriation for SCSEP is \$438.7 million. The funds support approximately 62,000 part-time positions of 20 to 25 hours per week. The majority of the appropriation goes directly to the program participants in the form of wages and fringe benefits. A minimum of 75 cents of every dollar is reserved for wages and fringe benefits and approximately 13 cents of every dollar is spent on administrative costs to maintain the program. The remaining 12 cents is spent on participant training, counseling, and supportive services.

For Fiscal Year 2005, the Department is requesting \$440 million for SCSEP. Approximately 78 percent of this funding will be allocated by formula to the 13 national grantees currently operating SCSEP, and approximately 22 percent will be allocated to 56 state and territorial grantees to operate SCSEP programs.

#### **Status of the Program Year 2003 Competition for National Grantees.**

The Department recently awarded SCSEP national grants through a competitive process. Thirteen national grantees were selected through the competitive process; four of them are new to SCSEP. As a result of the good work of the grantees during this transition, we recently provided incentive awards of varying amounts to all thirteen



national grantees. We believe that this transition went very well and are now working with the national and state grantees on improving program operations.

**Status of the Final Rule Implementing the 2000 Amendments to the Older American Act and the Performance Accountability System.**

The final regulations implementing the 2000 Amendments to the Older Americans Act are nearly completed. A Notice of Proposed Rulemaking was published on April 28, 2003, for a 45-day comment period. The Department received over 70 comments through this process. These comments were carefully considered and a final rule that addresses the comments was drafted and submitted to the Office of Management and Budget on December 24, 2003. The Office of Management and Budget and the Department are currently discussing the details of the Final Rule.

One of the most significant changes in the new regulations pertains to the addition of comprehensive performance measures for all grantees as required by statute. The Department is in the process of developing a new reporting database that will provide computerized case management for all grantees. The new reporting system will not only capture performance data, it also will help to standardize program operations.

**Serving Older Workers in other ETA programs**

The Department also serves older workers through other employment and training programs. For example, the Workforce Investment Act of 1998 (WIA), which laid the foundation for integrating workforce investment services through locally organized and locally directed One-Stop Career Center systems, provides job seekers and employers with access to services provided by a number of required partners, including SCSEP. Many centers provide access to additional partners beyond those that are required. In

addition, WIA provides states and local areas with the flexibility to determine the mix of services available through One-Stop partners that is most appropriate to local job seekers and businesses. By requiring partnerships and co-location of services, WIA leverages multiple resources and provides access to a greater array of services than would be available through the individual partner programs.

As part of the reauthorization of SCSEP through amendments to the Older American Act in 2000, the connections between SCSEP and WIA were strengthened in order to provide older individuals with easier access to appropriate services while minimizing duplication of services. SCSEP grantees have negotiated agreements with nearly all One-Stop Career Centers. In many cases, SCSEP participants are providing services at the One-Stop Centers. Their presence makes these Centers more older worker friendly.

In general, older workers are eligible to receive services provided through WIA Title I Adult and Dislocated Worker programs. Like other adult and dislocated worker participants, older workers who qualify may secure training services from eligible providers that are most suited to their needs. In the Program Year ending June 30, 2003, 13,288, or 5.6 percent of the participants exiting the WIA Adult program were aged 55 and over. Comparable figures for older workers in the WIA Dislocated Worker program totaled 18,444 participants aged 55 and over, which represents 11.1 percent of exiting participants. Another 2,617 Dislocated Workers aged 55 and over exited from National Emergency Grant (NEG) program activities.

In addition to the services provided under WIA Title I and the SCSEP program, the One-Stop delivery system includes the state Wagner-Peyser Act labor exchange

services and the state system for unemployment compensation. In Calendar Year 2003 over 1.3 million participants aged 55 and over were served by the Wagner-Peyser labor exchange, representing 8.7 percent of all participants. The average weekly number of Unemployment Insurance claimants aged 55 and over was 486,500, representing 8.8 percent of total claimants.

One-Stop customers, including Older Workers, also have access to services provided through other One-Stop partners, such as the Veterans Employment and Training Service, the Indian and Native American Program, the Trade Adjustment Assistance Program, Vocational Education, Adult Education, and Vocational Rehabilitation.

Of particular note is the new Alternative Trade Adjustment Assistance Program for older workers which was established by the 2002 amendments to the Trade Act and began operation in August of 2003. This program assists eligible workers over age 50 who lose their jobs as a result of international trade and worked in firms with a significant number of older workers; do not have easily transferable skills; and find reemployment at less than \$50,000 annually. The program provides these older workers with 50 percent of the difference between their new salary and their old salary, for up to two years, up to a maximum of \$10,000. Alternative TAA participants may also receive health care assistance in the form of a 65 percent health care tax credit.

In sum, the Employment and Training Administration offers a wide array of valuable services and opportunities for older Americans who desire to continue to participate in the labor force.





## **Conclusion**

Mr. Chairman, we believe our budget request supports many important workforce programs and initiatives that benefit older Americans, and that this request supports the President's goal of helping more Americans gain the skills they need to find good jobs in the new economy. This concludes my prepared statement. I would be pleased to answer any questions that you or other Subcommittee Members may have.